

First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## HOUSE ENROLLED ACT No. 1264

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AN ACT to amend the Indiana Code concerning state and local administration.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 3-5-9-4, AS ADDED BY P.L.135-2012, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4. (a) ~~An individual who is serving as a volunteer firefighter for a volunteer fire department or a fire department that provides fire protection services to a unit:~~

- (1) ~~under a contract, excluding a mutual aid agreement; or~~
- (2) ~~as the unit's fire department;~~

~~may not assume or hold an elected office of a unit that receives fire protection services from the department in which the volunteer firefighter serves:~~

(b) ~~An individual who~~

- (1) ~~is an employee of a unit, serving as a full-time, paid firefighter~~
- ~~or~~
- (2) ~~serves as a volunteer firefighter;~~

~~in a department that provides fire protection services to more than one (1) unit, excluding fire protection services provided under mutual aid agreements, may not assume or hold an elected office of any unit that receives fire protection services from the department.~~

SECTION 2. IC 3-5-9-6, AS ADDED BY P.L.135-2012, SECTION



1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. This chapter does not prohibit:

- (1) a government employee from assuming or holding an elected office of a unit other than the unit that employs the government employee;
- (2) a full-time, paid firefighter ~~or volunteer firefighter~~ from assuming or holding an elected office of a unit other than a unit that receives fire protection services from the department in which the ~~volunteer~~ firefighter serves; or
- (3) an individual who assumes or holds an elected office from also being appointed to and serving on a board, commission, or committee of the unit.

SECTION 3. IC 3-5-9-7, AS ADDED BY P.L.135-2012, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 7. (a) Notwithstanding sections 4 and 5 of this chapter,

~~(1) a volunteer firefighter who assumes or holds an elected office on January 1, 2013, may continue to hold the elected office and serve as a volunteer firefighter; and~~

~~(2) a government employee who assumes or holds an elected office on January 1, 2013, may continue to hold the elected office and be employed as a government employee~~

~~until the term of the elected office that the volunteer firefighter or government employee is serving on January 1, 2013, expires.~~

~~(b) After the expiration of the term of the elected office that the volunteer firefighter referred to in subsection (a) is serving on January 1, 2013, the volunteer firefighter is subject to section 4 of this chapter with respect to serving as a volunteer firefighter and assuming or holding an elected office of the unit that receives fire protection services from the department in which the volunteer firefighter serves.~~

~~(c) (b) After the expiration of the term of the elected office that the government employee referred to in subsection (a) is serving on January 1, 2013, the government employee is subject to section 5 of this chapter with respect to assuming or holding an elected office and being employed by the unit that employs the government employee.~~

SECTION 4. IC 5-3-1-3, AS AMENDED BY P.L.1-2005, SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town during the preceding calendar year.

(b) Not earlier than August 1 or later than August 15 of each year, the secretary of each school corporation in Indiana shall publish an



annual financial report.

(c) In the annual financial report the school corporation shall include the following:

- (1) Actual receipts and expenditures by major accounts as compared to the budget advertised under IC 6-1.1-17-3 for the prior calendar year.
- (2) The salary schedule for all certificated employees (as defined in IC 20-29-2-4) as of June 30, with the number of employees at each salary increment. However, the listing of salaries of individual teachers is not required.
- (3) The extracurricular salary schedule as of June 30.
- (4) The range of rates of pay for all noncertificated employees by specific classification.
- (5) The number of employees who are full-time certificated, part-time certificated, full-time noncertificated, and part-time noncertificated.
- (6) The lowest, highest, and average salary for the administrative staff and the number of administrators without a listing of the names of particular administrators.
- (7) The number of students enrolled at each grade level and the total enrollment.
- (8) The assessed valuation of the school corporation for the prior and current calendar year.
- (9) The tax rate for each fund for the prior and current calendar year.
- (10) In the general fund, capital projects fund, and transportation fund, a report of the total payment made to each vendor for the specific fund in excess of two thousand five hundred dollars (\$2,500) during the prior calendar year. However, a school corporation is not required to include more than two hundred (200) vendors whose total payment to each vendor was in excess of two thousand five hundred dollars (\$2,500). A school corporation shall list the vendors in descending order from the vendor with the highest total payment to the vendor with the lowest total payment above the minimum listed in this subdivision.
- (11) A statement providing that the contracts, vouchers, and bills for all payments made by the school corporation are in its possession and open to public inspection.
- (12) The total indebtedness as of the end of the prior calendar year showing the total amount of notes, bonds, certificates, claims due, total amount due from such corporation for public



improvement assessments or intersections of streets, and any and all other evidences of indebtedness outstanding and unpaid at the close of the prior calendar year.

(d) The school corporation may provide an interpretation or explanation of the information included in the financial report.

(e) The department of education shall do the following:

(1) Develop guidelines for the preparation and form of the financial report.

(2) Provide information to assist school corporations in the preparation of the financial report.

(f) The annual reports required by this section and IC 36-2-2-19 and the abstract required by IC 36-6-4-13 shall each be published one (1) time only, in accordance with this chapter.

(g) Each school corporation shall submit to the department of education a copy of the financial report required under this section. The department of education shall make the financial reports available for public inspection.

**(h) As used in this subsection, "bonds" means any bonds, notes, or other evidences of indebtedness, whether payable from property taxes, other taxes, revenues, fees, or any other source. However, the term does not include notes, warrants, or other evidences of indebtedness that have a maturity of not more than five (5) years and that are made in anticipation of and to be paid from revenues of the school corporation. Notwithstanding any other law, a school corporation as provided in subsection (i) may not issue any bonds unless:**

**(1) the school corporation has filed the annual financial report required under subsection (b) with the department of education; and**

**(2) in addition to any information required under subsection (c), the annual financial report filed with the department of education was prepared in accordance with all generally accepted accounting principles for financial accounting and reporting as established by the Governmental Accounting Standards Board. However, upon request of the school corporation to the state examiner, the state examiner may waive the requirement under this subdivision.**

**The requirements under this subsection for the issuance of bonds by a school corporation are in addition to any other requirements imposed under any other law. This subsection applies to the issuance of bonds authorized under any statute, regardless of whether that statute specifically references this subsection or the**



requirements under this subsection.

(i) The requirements under subsection (h) apply only to the following:

(1) After August 15, 2019, and before August 16, 2020, the requirements under subsection (h) apply to a school corporation that has an ADM (as defined in IC 20-18-2-2) of greater than twenty-five thousand (25,000).

(2) After August 15, 2020, the requirements under subsection (h) apply to a school corporation that has an ADM (as defined in IC 20-18-2-2) of greater than fifteen thousand (15,000).

SECTION 5. IC 5-11-1-4, AS AMENDED BY P.L.137-2012, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4. (a) The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7.

(b) The department of local government finance may not approve the budget of a political subdivision or a supplemental appropriation for a political subdivision until the political subdivision files an annual report under subsection (a) for the preceding calendar year.

(c) As used in this subsection, "bonds" means any bonds, notes, or other evidences of indebtedness, whether payable from property taxes, other taxes, revenues, fees, or any other source. However, the term does not include notes, warrants, or other evidences of indebtedness that have a maturity of not more than five (5) years and that are made in anticipation of and to be paid from revenues of the political subdivision. Notwithstanding any other law, a county or municipality as provided in subsection (d) may not issue any bonds unless:

(1) the county or municipality has filed an annual financial report with the state examiner for the preceding fiscal year; and

(2) the annual financial report filed with the state examiner for the preceding fiscal year was prepared in accordance with all generally accepted accounting principles for financial accounting and reporting as established by the Governmental Accounting Standards Board. However, upon request of the county or municipality, the state examiner may waive the



requirement under this subdivision.

The requirements under this subsection for the issuance of bonds by a county or municipality are in addition to any other requirements imposed under any other law. This subsection applies to the issuance of bonds authorized under any statute, regardless of whether that statute specifically references this subsection or the requirements under this subsection.

(d) The requirements under subsection (c) apply only to the following:

(1) After June 30, 2017, and before July 1, 2019, the requirements under subsection (c) apply to:

(A) a county with a population greater than two hundred fifty thousand (250,000); and

(B) a municipality with a population greater than two hundred fifty thousand (250,000).

(2) After June 30, 2019, and before July 1, 2020, the requirements under subsection (c) apply to:

(A) a county with a population greater than one hundred seventy-five thousand (175,000); and

(B) a municipality with a population greater than one hundred thousand (100,000).

(3) After June 30, 2020, the requirements under subsection (c) apply to:

(A) a county with a population greater than one hundred thousand (100,000); and

(B) a municipality with a population greater than seventy-five thousand (75,000).

SECTION 6. IC 5-11-1-27, AS ADDED BY P.L.117-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 27. (a) As used in this section, "~~local government~~" means county, city, town, or township. "legislative body" has the meaning set forth in IC 36-1-2-9.

(b) As used in this section, "material" means a significant or consequential amount, as determined by the state examiner and approved by the audit committee.

(c) As used in this section, "personnel" means an officer or employee of a political subdivision whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity.

(d) As used in this section, "political subdivision" has the



meaning set forth in IC 5-11-10.5-1.

~~(b)~~ (e) In the compliance guidelines authorized under section 24 of this chapter, the state board of accounts shall define **and the audit committee shall approve not later than November 1, 2015**, the acceptable minimum level of

~~(1)~~ internal control standards and

~~(2)~~ internal control procedures

for internal control systems of ~~local governments~~, **political subdivisions, including the following:**

**(1) Control environment.**

**(2) Risk assessment.**

**(3) Control activities.**

**(4) Information and communication.**

**(5) Monitoring.**

The internal control standards and procedures shall be developed to promote government accountability and transparency.

**(f) Not later than November 1, 2015, the state board of accounts shall develop or designate approved personnel training materials as approved by the audit committee, to implement this section.**

**(g) After June 30, 2016, the legislative body of a political subdivision shall ensure that:**

**(1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and**

**(2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision.**

**(h) After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:**

**(1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and**

**(2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).**

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under IC 5-14-3.8-7.

**(i) After June 30, 2016, if the state board of accounts finds during an audit of a political subdivision that:**

**(1) the political subdivision has not adopted the internal control standards and procedures required under subsection**



(g)(1); or

(2) personnel of the political subdivision have not received the training required under subsection (g)(2);

the state board of accounts shall issue a comment in its examination report for the political subdivision. If, during a subsequent audit, the state board of accounts finds a violation described in subdivision (1) or (2) has not been corrected, the political subdivision has sixty (60) days after the date the state board of accounts notifies the political subdivision of its findings to correct the violation. If a violation is not corrected within the required period, the state board of accounts shall forward the information to the department of local government finance.

~~(e)~~ (j) All erroneous or irregular **material** variances, losses, shortages, or thefts of ~~local government~~ **political subdivision** funds or property shall be reported immediately to the state board of accounts. **For all material variances, losses, shortages, or thefts**, the state board of accounts shall:

(1) determine the amount of funds involved and report the amount to the appropriate government and law enforcement officials;

(2) determine the internal control weakness that contributed to or caused the condition; and

(3) make written recommendations to the appropriate legislative body or appropriate official overseeing the internal control system addressing:

(A) the method of correcting the condition; and

(B) the necessary internal control policies and internal control procedures that must be modified to prevent a recurrence of the condition.

~~(d)~~ (k) The legislative body or the appropriate official overseeing the internal control system shall immediately implement the policies and procedures recommended by the state board of accounts under subsection ~~(e)(3)(B)~~: (j)(3)(B).

(l) A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office, including:

(1) information obtained as a result of a police report;

(2) an internal audit finding; or

(3) another source indicating that a misappropriation has occurred;

shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision.





**(m) If the attorney general institutes civil proceedings related to this section or under IC 5-11-5-1, the attorney general shall seek, in addition to the recovery of any funds misappropriated, diverted, or unaccounted for, restitution of:**

- (1) costs incurred by the state board of accounts; and**
- (2) all costs and reasonable attorney's fees incurred by the attorney general;**

**in connection with the civil proceedings.**

SECTION 7. IC 5-11-1-28 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 28. (a) The bureau of motor vehicles (IC 9-14-1-1), office of the secretary of family and social services (IC 12-8-1.5-1), and department of state revenue (IC 6-8.1-2-1) shall each annually:**

- (1) have performed by an internal auditor:**

- (A) an internal audit; and**
- (B) a review of internal control systems;**

**of the agency; and**

- (2) have the internal auditor report the results of the internal audit and review to an examiner designated by the state examiner to receive the results.**

**(b) The examiner designated under subsection (a) shall, not later than September 1 of each year:**

- (1) compile a final report of the results of the internal audits and reviews performed and reported under subsection (a); and**

- (2) submit a copy of the final report to the following:**

- (A) The governor.**
- (B) The auditor of state.**
- (C) The chairperson of the audit committee, in an electronic format under IC 5-14-6.**
- (D) The director of the office of management and budget.**
- (E) The legislative council, in an electronic format under IC 5-14-6.**

SECTION 8. IC 6-1.1-17-16.2, AS ADDED BY P.L.172-2011, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 16.2. (a) The department of local government finance may not approve the budget of a taxing unit or a supplemental appropriation for a taxing unit until the taxing unit files an annual report under IC 5-11-1-4 or IC 5-11-13 for the preceding calendar year, unless the taxing unit did not exist as of March 1 of the calendar year preceding the ensuing calendar year by two (2) years. This section applies to a taxing unit that is the successor to another taxing unit or**



the result of a consolidation or merger of more than one (1) taxing unit, if an annual report under IC 5-11-1-4 or IC 5-11-13 has not been filed for each predecessor taxing unit.

**(b) After June 30, 2016, the department of local government finance may not approve the budget of a taxing unit or a supplemental appropriation for a taxing unit if the department of local government finance receives information from the state board of accounts that the political subdivision has not corrected a violation under IC 5-11-1-27(i)(1) or IC 5-11-1-27(i)(2) within the period set forth in IC 5-11-1-27(i).**

SECTION 9. IC 6-1.1-18-5, AS AMENDED BY P.L.137-2012, SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5. (a) If the proper officers of a political subdivision desire to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined under this article, they shall give notice of their proposed additional appropriation. The notice shall state the time and place at which a public hearing will be held on the proposal. The notice shall be given once in accordance with IC 5-3-1-2(b).

(b) If the additional appropriation by the political subdivision is made from a fund that receives:

(1) distributions from the motor vehicle highway account established under IC 8-14-1-1 or the local road and street account established under IC 8-14-2-4; or

(2) revenue from property taxes levied under IC 6-1.1;

the political subdivision must report the additional appropriation to the department of local government finance. If the additional appropriation is made from a fund described under this subsection, subsections (f), (g), (h), and (i) apply to the political subdivision.

(c) However, if the additional appropriation is not made from a fund described under subsection (b), subsections (f), (g), (h), and (i) do not apply to the political subdivision. Subsections (f), (g), (h), and (i) do not apply to an additional appropriation made from the cumulative bridge fund if the appropriation meets the requirements under IC 8-16-3-3(c).

(d) A political subdivision may make an additional appropriation without approval of the department of local government finance if the additional appropriation is made from a fund that is not described under subsection (b). However, the fiscal officer of the political subdivision shall report the additional appropriation to the department of local government finance.

(e) After the public hearing, the proper officers of the political



subdivision shall file a certified copy of their final proposal and any other relevant information to the department of local government finance.

(f) When the department of local government finance receives a certified copy of a proposal for an additional appropriation under subsection (e), the department shall determine whether sufficient funds are available or will be available for the proposal. The determination shall be made in writing and sent to the political subdivision not more than fifteen (15) days after the department of local government finance receives the proposal.

(g) In making the determination under subsection (f), the department of local government finance shall limit the amount of the additional appropriation to revenues available, or to be made available, which have not been previously appropriated.

(h) If the department of local government finance disapproves an additional appropriation under subsection (f), the department shall specify the reason for its disapproval on the determination sent to the political subdivision.

(i) A political subdivision may request a reconsideration of a determination of the department of local government finance under this section by filing a written request for reconsideration. A request for reconsideration must:

- (1) be filed with the department of local government finance within fifteen (15) days of the receipt of the determination by the political subdivision; and
- (2) state with reasonable specificity the reason for the request.

The department of local government finance must act on a request for reconsideration within fifteen (15) days of receiving the request.

(j) This subsection applies to an additional appropriation by a political subdivision that must have the political subdivision's annual appropriations and annual tax levy adopted by a city, town, or county fiscal body under IC 6-1.1-17-20 **or IC 36-1-23** or by a legislative or fiscal body under IC 36-3-6-9. The fiscal or legislative body of the city, town, or county that adopted the political subdivision's annual appropriation and annual tax levy must adopt the additional appropriation by ordinance before the department of local government finance may approve the additional appropriation.

(k) This subsection applies to a public library that:

- (1) is required to submit the public library's budgets, tax rates, and tax levies for nonbinding review under IC 6-1.1-17-3.5; and
- (2) is not required to submit the public library's budgets, tax rates, and tax levies for binding review and approval under



## IC 6-1.1-17-20.

If a public library subject to this subsection proposes to make an additional appropriation for a year, and the additional appropriation would result in the budget for the library for that year increasing (as compared to the previous year) by a percentage that is greater than the result of the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the calendar year minus one (1), the additional appropriation must first be approved by the city, town, or county fiscal body described in IC 6-1.1-17-20.3(c) or IC 6-1.1-17-20(d), as appropriate.

SECTION 10. IC 20-26-7-18, AS AMENDED BY P.L.146-2008, SECTION 467, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 18. **Subject to IC 5-3-1-3(h)**, a school corporation may issue and sell bonds under the general statutes governing the issuance of bonds to purchase and improve buildings or lands, or both. All laws relating to approval (if required) in a local public question under IC 6-1.1-20, the filing of petitions, remonstrances, and objecting petitions, giving notices of the filing of petitions, the determination to issue bonds, and the appropriation of the proceeds of the bonds are applicable to the issuance of bonds under sections 17 through 19 of this chapter.

SECTION 11. IC 20-48-1-1, AS ADDED BY P.L.2-2006, SECTION 171, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. (a) As used in this section, "improvement of real estate" includes:

- (1) construction, reconstruction, remodeling, alteration, or repair of buildings or additions to buildings;
- (2) equipment related to activities specified in subdivision (1); and
- (3) auxiliary facilities related to activities specified in subdivision (1), including facilities for:
  - (A) furnishing water, gas, and electricity;
  - (B) carrying and disposing of sewage and storm and surface water drainage;
  - (C) housing of school owned buses;
  - (D) landscaping of grounds; and
  - (E) construction of walks, drives, parking areas, playgrounds, or facilities for physical training.

(b) **Subject to IC 5-3-1-3(h)**, a school corporation is authorized to issue bonds to pay the:

- (1) cost of acquisition and improvement of real estate for school purposes;



- (2) funding of judgments;
- (3) cost of the purchase of school buses; and
- (4) incidental expenses incurred in connection with and on account of the issuance of the bonds.

SECTION 12. IC 36-1-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 9. **Subject to IC 5-11-1-4(c)**, a unit may borrow money.

SECTION 13. IC 36-1-23 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 23. Volunteer Fire Departments; Abstention from Voting on Budget**

**Sec. 1.** As used in this section, "unit" means a city, town, or township.

**Sec. 2.** A member of the fiscal body of a unit may not participate in a vote on the adoption of the unit's budget and tax levies if the member is a volunteer firefighter in:

- (1) a volunteer fire department; or
- (2) a fire department;

that provides fire protection services to the unit under a contract (excluding a mutual aid agreement) or as the unit's fire department.

**Sec. 3.** Notwithstanding any other law, if at least a majority of the members of the unit's fiscal body are precluded from voting on the unit's budget and tax levies under section 2 of this chapter, the unit's most recent annual appropriations are continued for the ensuing budget year, subject to the following:

- (1) The executive of the unit may petition the county fiscal body for an increase in the unit's budget under section 4 of this chapter.
- (2) The executive of the unit may petition the county fiscal body for any additional appropriations under section 5 of this chapter.

**Sec. 4.** The executive of the unit may petition the county fiscal body for an increase in the unit's budget and property tax levies. The county fiscal body may grant or deny the petition only after conducting a public hearing on the petition.

**Sec. 5.** The county fiscal body may adopt any additional appropriations of the unit by ordinance before the department of local government finance may approve the additional appropriation.

SECTION 14. IC 36-2-6-18 IS AMENDED TO READ AS



FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 18. (a) The county fiscal body may, by ordinance:

- (1) make loans for the purpose of procuring money to be used in the exercise of county powers and for the payment of county debts other than current running expenses, and, **subject to IC 5-11-1-4(c)**, issue bonds or other county obligations to refund those loans;
- (2) make temporary loans to meet current running expenses, in anticipation of and not in excess of county revenues for the current fiscal year, which shall be evidenced by tax anticipation warrants of the county; and
- (3) make loans and issue notes under subsection (d).

(b) An ordinance authorizing the issuance of bonds under this section must state the purpose for which the bonds are issued and may provide that the bonds:

- (1) are or are not negotiable;
- (2) bear interest at any rate;
- (3) run not longer than twenty (20) years; and
- (4) mature by installments payable annually or otherwise.

(c) An ordinance authorizing the issuance of tax anticipation warrants under this section must:

- (1) state the total amount of the issue;
- (2) state the denomination of the warrants;
- (3) state the time and place payable;
- (4) state the rate of interest;
- (5) state the funds and revenues in anticipation of which the warrants are issued and out of which they are payable; and
- (6) appropriate and pledge a sufficient amount of those revenues to the punctual payment of the warrants.

The warrants are exempt from taxation for all purposes.

(d) The county fiscal body may, by ordinance, make loans of money for not more than five (5) years and issue notes for the purpose of refunding those loans. The loans may be made only for the purpose of procuring money to be used in the exercise of the powers of the county, and the total amount of outstanding loans under this subsection may not exceed five percent (5%) of the county's total tax levy in the current year (excluding amounts levied to pay debt service and lease rentals). Loans under this subsection shall be made in the same manner as loans made under subsection (a)(1), except that:

- (1) the ordinance authorizing the loans must pledge to their payment a sufficient amount of tax revenues over the ensuing five (5) years to provide for refunding the loans;



- (2) the loans must be evidenced by notes of the county in terms designating the nature of the consideration, the time and place payable, and the revenues out of which they will be payable; and
- (3) the interest accruing on the notes to the date of maturity may be added to and included in their face value or be made payable periodically, as provided in the ordinance.

Notes issued under this subsection are not bonded indebtedness for purposes of IC 6-1.1-18.5.

(e) If a deficit is incurred for the current running expenses of the county because the total of county revenues for the fiscal year is less than the anticipated total, the county fiscal body shall provide for the deficit in the next county tax levy.

SECTION 15. IC 36-3-4-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 21. (a) The city-county legislative body may, by ordinance, make loans of money for the consolidated city and, **subject to IC 5-11-1-4(c)**, issue bonds for the purpose of refunding those loans. The loans may be made only for the purpose of procuring money to be used in the exercise of the powers of the city and for the payment of city debts.

(b) An ordinance adopted under this section:

- (1) must include the terms of the bonds to be issued in evidence of the loan;
- (2) must include the time and manner of giving notice of the sale of the bonds;
- (3) must include the manner in which the bonds will be sold; and
- (4) may authorize a total amount for any issue of bonds.

(c) Bonds issued under this section may be sold in parcels of any size and at any time their proceeds are needed by the city.

(d) Bonds issued and sold by the city under this section:

- (1) are negotiable with or without registration, as may be provided by the ordinance authorizing the issue;
- (2) may bear interest at any rate;
- (3) may run not longer than thirty (30) years;
- (4) may contain an option allowing the city to redeem them in whole or in part at specified times prior to maturity; and
- (5) may be sold for not less than par value.

(e) The fiscal officer of the consolidated city shall:

- (1) manage and supervise the preparation, advertisement, negotiations, and sale of bonds under this section, subject to the terms of the ordinance authorizing the sale;
- (2) deliver them to the county treasurer after they have been properly executed and shall take his receipt for them; and



- (3) when a contract for the sale of all or any part of the bonds is consummated, certify to the county treasurer the amount the purchaser is to pay, together with the name and address of the purchaser.

The county treasurer shall then receive from the purchaser the amount certified by the fiscal officer, deliver the bonds to the purchaser, and take the purchaser's receipt for the bonds. The fiscal officer and county treasurer shall then report the proceedings in the sale to the legislative body. However, if the county treasurer is not present to receive the properly executed bonds from the fiscal officer or to issue the bonds, the fiscal officer shall perform his duties under this subsection.

SECTION 16. IC 36-4-6-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 19. (a) The legislative body may, by ordinance, make loans of money and, **subject to IC 5-11-1-4(c)**, issue bonds for the purpose of refunding those loans. The loans may be made only for the purpose of procuring money to be used in the exercise of the powers of the city or for the payment of city debts.

(b) An ordinance adopted under this section:

- (1) must include the terms of the bonds to be issued in evidence of the loan;
- (2) must include the time and manner of giving notice of the sale of the bonds;
- (3) must include the manner in which the bonds will be sold; and
- (4) may authorize a total amount for any issue of bonds.

(c) Bonds issued under this section may be sold in parcels of any size and at any time their proceeds are needed by the city.

(d) Bonds issued and sold by a city under this section:

- (1) are negotiable with or without registration, as may be provided by the ordinance authorizing the issue;
- (2) may bear interest at any rate;
- (3) may run not longer than thirty (30) years;
- (4) may contain an option allowing the city to redeem them in whole or in part at specified times prior to maturity; and
- (5) may be sold for not less than par value.

(e) The city fiscal officer shall:

- (1) manage and supervise the preparation, advertisement, negotiations, and sale of bonds under this section, subject to the terms of the ordinance authorizing the sale;
- (2) certify the amount the purchaser is to pay, together with the name and address of the purchaser;
- (3) receive the amount of payment certified;





- (4) deliver the bonds to the purchaser;
- (5) take a receipt for the securities delivered;
- (6) pay the purchaser's payment into the city treasury; and
- (7) report the proceedings in the sale to the legislative body.

The actions of the fiscal officer under this subsection are ministerial.

SECTION 17. IC 36-5-2-11, AS AMENDED BY P.L.146-2008, SECTION 708, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 11. (a) **Subject to IC 5-11-1-4(c)**, the legislative body may issue bonds for the purpose of procuring money to be used in the exercise of the powers of the town and for the payment of town debts. However, a town may not issue bonds to procure money to pay current expenses.

(b) Bonds issued under this section are payable in the amounts and at the times determined by the legislative body.

(c) Bonds issued under this section are subject to the provisions of IC 5-1 and IC 6-1.1-20 relating to the following:

- (1) The filing of a petition requesting the issuance of bonds and giving notice of the petition.
- (2) The giving of notice of a hearing on the appropriation of the proceeds of bonds.
- (3) The right of taxpayers to appear and be heard on the proposed appropriation.
- (4) The approval of the appropriation by the department of local government finance.
- (5) The right of:
  - (A) taxpayers and voters to remonstrate against the issuance of bonds in the case of a proposed bond issue described by IC 6-1.1-20-3.1(a); or
  - (B) voters to vote on the issuance of bonds in the case of a proposed bond issue described by IC 6-1.1-20-3.5(a).
- (6) The sale of bonds at public sale for not less than their par value.

(d) The legislative body may, by ordinance, make loans of money for not more than five (5) years and issue notes for the purpose of refunding those loans. The loans may be made only for the purpose of procuring money to be used in the exercise of the powers of the town, and the total amount of outstanding loans under this subsection may not exceed five percent (5%) of the town's total tax levy in the current year (excluding amounts levied to pay debt service and lease rentals). Loans under this subsection shall be made as follows:

- (1) The ordinance authorizing the loans must pledge to their payment a sufficient amount of tax revenues over the ensuing five



(5) years to provide for refunding the loans.

(2) The loans must be evidenced by notes of the town in terms designating the nature of the consideration, the time and place payable, and the revenues out of which they will be payable.

(3) The interest accruing on the notes to the date of maturity may be added to and included in their face value or be made payable periodically, as provided in the ordinance.

Notes issued under this subsection are not bonded indebtedness for purposes of IC 6-1.1-18.5.

SECTION 18. IC 36-8-10-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The fiscal body of each county shall, by ordinance, establish a sheriff's merit board to be known as the \_\_\_\_\_ county sheriff's merit board (inserting the name of the county).

(b) The board consists of five (5) members. Three (3) members shall be appointed by the sheriff, and two (2) members shall be elected by a majority vote of the members of the county police force under procedures established by the sheriff's merit board. However:

(1) ~~no~~ **an** active county police officer;

(2) **a relative (as defined in IC 36-1-20.2-8) of an active county police officer; or**

(3) **a relative (as defined in IC 36-1-20.2-8) of the sheriff;**

may **not** serve on the board, **either as a member appointed by the sheriff or elected by the county police force.** Appointments are for terms of four (4) years or for the remainder of an unexpired term. Not more than two (2) of the members appointed by the sheriff nor more than one (1) of the members elected by the officers may belong to the same political party. All members must reside in the county. All members serve during their respective terms and until their successors have been appointed and qualified. A member may be removed for cause duly adjudicated by declaratory judgment of the circuit court of the county.

(c) As compensation for service, each member of the board is entitled to receive from the county a minimum of fifteen dollars (\$15) per day for each day, or fraction of a day, that the member is engaged in transacting the business of the board.

(d) As soon as practicable after the members of the board have been appointed, they shall meet upon the call of the sheriff and organize by electing a president and a secretary from among their membership. Three (3) members of the board constitute a quorum for the transaction of business. The board shall hold regular monthly meetings throughout the year as is necessary to transact the business of the sheriff's



department.

**SECTION 19. An emergency is declared for this act.**



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Speaker of the House of Representatives

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President of the Senate

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President Pro Tempore

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Governor of the State of Indiana

Date: \_\_\_\_\_ Time: \_\_\_\_\_

**HEA 1264 — CC 1**

